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HUB LAW OFFICES

Attorney for Defendants
GERALD ARMSTRONG and THE
GERALD ARMSTRONG CORPORATION

SUPERIOR COURT OF THE STATE OF CALIFORNIA

FOR THE COUNTY OF MARIN

CHURCH OF SCIENTOLOGY INTERNATIONAL,)	No. 157 680
a California not-for-profit)	
religious corporation,)	
)	
Plaintiff,)	ARMSTRONG'S SEPARATE
)	STATEMENT OF DISPUTED AND
)	UNDISPUTED FACTS IN
vs.)	OPPOSITION TO MOTION FOR
)	SUMMARY JUDGMENT OF SECOND
GERALD ARMSTRONG; MICHAEL WALTON;)	AMENDED CROSS-COMPLAINT
THE GERALD ARMSTRONG CORPORATION)	
a California for-profit)	
corporation; DOES 1 through 100,)	
inclusive,)	
)	Date: September 9, 1994
Defendants.)	Time: 9:00 a.m.
)	Dept: One
)	Trial Date: 9/29/94
_____)	

RESPONDING PARTY GERALD ARMSTRONG'S STATEMENT OF DISPUTED AND
UNDISPUTED FACTS

Cross-Complaint Gerald Armstrong submits this separate
statement in opposition to Cross-Defendant Church of Scientology
International's separate statement of undisputed facts with
reference to supporting evidence pursuant to CCP Section 437c(b).

ISSUE NUMBER 1: The declaration of David Miscavige was

1 privileged as a matter of law pursuant to C.C.P Section 47(b).

2

3 **CROSS-DEFENDANT CSI'S MATERIAL**
4 **FACTS AND SUPPORTING EVIDENCE**

CROSS-COMPLAINANT ARMSTRONG'S
MATERIAL FACTS AND SUPPORTING
5 **EVIDENCE**

6

7 1. Gerald Armstrong Undisputed.

8 filed a Second Amended Cross-
9 Complaint in this action on
10 April 15, 1994.

11 Evidence: Request for
12 Judicial Notice, Exhibit A,
13 Second Amended Cross-
14 Complaint.

15

16 2. On June 17, 1994, Undisputed.

17 this Court issued an Order
18 which modified the Second
19 Amended Cross-Complaint as
20 follows:

21 a. Paragraphs 9 - 54,
22 59, 60-62, 64-68, 70-72 and 74
23 were stricken in their
24 entirety;

25 b. All of paragraph 69,
26 except the allegation that the
27 Church had "file[d] a false
28 declaration in a federal

1 district court action," was
2 stricken; and
3 c. All of paragraph 73
4 except the allegation that the
5 Church had "use[d] the
6 discovery process [in this
7 action] to obtain information
8 for improper purposes," was
9 stricken.

10 Evidence: Request for
11 Judicial Notice, Exhibit A,
12 Second Amended Cross-
13 complaint, passim; Request for
14 Judicial Notice, Exhibit B,
15 Minute Order of June 17, 1994.

16
17 3. In paragraph 69, of Undisputed.
18 the Second Amended Cross-
19 Complaint Armstrong alleges
20 that, on February 8, 1994, the
21 Church filed a declaration of
22 David Miscavige in the Fishman
23 case which "falsely accuses
24 Armstrong of various acts
25 relating to his experiences
26 with Scientology prior to the
27 1986 settlement."

28 Evidence: Request for

1 Judicial Notice, Exhibit A,
2 Second Amended Cross-
3 complaint, ¶69.

4

5 4. Gerald Armstrong was Undisputed.
6 named in the Fishman case by
7 defendants Steven Fishman and
8 Uwe Geertz as a witness and/or
9 an expert witness, at least
10 six times, beginning on August
11 26, 1992.

12 Evidence: Evidence,
13 Exhibit 1, Declaration of
14 Timothy Bowles; Exhibit 1(A),
15 Defendants List of Proposed
16 Witnesses; Exhibit 1(B),
17 Second Supplemental and
18 Amended List of Witnesses to
19 Be Called By Defendant, Uwe
20 Geertz, Ph. D, p. 2; Exhibit
21 1(C), Amended and Supplemental
22 List of Witnesses Who May Be
23 Called at Trial by Defendant,
24 Uwe Geertz, Ph. D, p. 2;
25 Exhibit 1(D), List of
26 Witnesses to Be Called By
27 Defendant, Uwe Geertz, Ph. D,
28 p. 2; Exhibit 1(E), Second

1 Amended List of Witnesses Who
2 May Be Called at Trial by
3 Defendant, Uwe Geertz, Ph. D,
4 p. 2; Exhibit 1(F), Third
5 Amended List of Witnesses Who
6 May Be Called at Trial by
7 Defendant, Uwe Geertz, Ph. D,
8 p. 2.

9
10 5. On December 7, 1993, Unisputed.
11 counsel for Geertz filed and
12 served narrative statements
13 regarding the expected
14 testimony of expert witnesses.
15 The first witness so listed is
16 Gerald Armstrong. The
17 narrative stated, inter alia,
18 that Armstrong had agreed to
19 testify extensively and
20 negatively about the Church,
21 including claims of,

22 "[H]is
23 knowledge of L. Ron
24 Hubbard and his
25 successors, of
26 Scientology and its
27 organizations,
28 corporate and
hierochoial (sic)
structure, beliefs,
practices, methods,
personnel, conduct,
behavior, hierarchy,
lexicon, activities,

1 financing, financial
2 activities,
3 financial
4 misdealings, setups,
5 dead agent files,
6 suicides, attempted
7 suicides, history,
8 criminal and/or
9 alleged criminal
10 conduct, the
11 destruction of
12 documents/evidence
13 by Scientology,
14 dealings with the
15 public, dealings
16 with former members,
17 dealings with the
18 press, dealings with
19 the judicial system,
20 dealings with
21 psychiatry and
22 psychology
23 professionals,
24 coercive methods,
25 threats and
26 directives to kill
27 or murder people,
28 the "fair game"
doctrine and other
related or similar
matters."

17 Evidence: Evidence,
18 Exhibit 1, Declaration of
19 Timothy Bowles; Exhibit 1(G),
20 Defendant Uwe Geertz, Ph.D.,s
21 Brief Narrative Statements
22 Regarding Expected Testimony
23 of Expert Witnesses, pp. 2-3.
24

25 6. On October 26, 1993, Undisputed.
26 defendant Geertz also filed
27 and served a declaration of
28 Vaughn Young, another witness

1 Geertz had designated as an
2 expert witness. In the
3 declaration, Young asserted
4 that Mr. David Miscavige had
5 in 1981, ordered him to "get
6 Armstrong" by preparing a
7 "reward" poster characterizing
8 him as a criminal. In support
9 of his declaration, Young
10 cited the decision of the
11 trial court in the case of
12 Church of Scientology of
13 California v, Armstrong, LASC
14 No. C420153.

15 Evidence: Evidence,
16 Exhibit 1, Declaration of
17 Timothy Bowles; Exhibit 1(G),
18 Declaration of Vaughn Young,
19 pp. 26-27, ¶¶51-52, and
20 Exhibit N thereto.

21

22 7. Non-party David Undisputed.
23 Miscavige was also listed by
24 defendants Fishman and Geertz
25 as an expected trial witness
26 at least seven times.

27 Evidence: Evidence,
28 Exhibit 1, Declaration of

1 Timothy Bowles, Exhibit 1(I),
2 Defendant Geertz's List of
3 Witnesses Pursuant to Local
4 Rule 6.1.4, p. 1; Exhibit
5 1(A), Defendant's List of
6 Proposed Witnesses, p. 2;
7 Exhibit 1(B), Second
8 Supplemental and Amended List
9 of Witnesses to Be Called By
10 Defendant, Uwe Geertz, Ph. D,
11 p. 8; Exhibit 1(C), Amended
12 and Supplemental List of
13 Witnesses Who May Be Called at
14 Trial by Defendant, Uwe
15 Geertz, Ph. D, p. 9; Exhibit
16 1(D), List of Witnesses to Be
17 Called By Defendant, Uwe
18 Geertz, Ph. D, p. 7; Exhibit
19 1(E), Second Amended List of
20 Witnesses Who May Be Called at
21 Trial by Defendant, Uwe
22 Geertz, Ph. D, pp. 6-7; and
23 Exhibit 1(F), Third Amended
24 List of Witnesses Who May Be
25 Called at Trial by Defendant,
26 Uwe Geertz, Ph. D, p. 7.

27

28 8. On February 8, 1994, Disputed.

1 Mr. Miscavige filed a
2 declaration in the Fishman
3 case. Armstrong is mentioned
4 in only one paragraph in the
5 Miscavige declaration:
6 paragraph 54, which consists
7 of testimony of Mr. Miscavige
8 which refutes the testimony of
9 Young, and the decision which
10 Young had attached to his
11 declaration.

12 Evidence: Evidence,
13 Exhibit 1, Declaration of
14 Timothy Bowles, Exhibit 1(J),
15 Declaration of David
16 Miscavige, pp. 31-32.

Fact: CSI has provided
only the face page and pages
2, 26, 27 and 48 of Young's 48
page declaration in its
supporting evidence.

In said pages the only
references to Armstrong are in
paragraphs 51 and 52.

Young states at paragraph
51 of his declaration that he
was present in Scientology
meetings, the purpose of which
was to develop strategies of
Fair Game to "get Armstrong."
Paragraph 51 states:

"In Fact, Fair Game did
continue. Although the
Guardian's Office was
"disbanded," a new campaign
was undertaken against Gerald
Armstrong in 1981, a staff
member who had fled with some
of Hubbard's files. Contrary
to what Mr. Farny said, there
were Fair Game actions taken
against Armstrong after the GO
was "disbanded." I know
because I sat in on those
strategy meetings and was
ordered by Hubbard as well as
David Miscavige to "get
Armstrong." For example,
Hubbard ordered a "reward"
poster that would characterize
Armstrong as a criminal. (I
did not comply with the order,
for which I was severely
berated by Miscavige.)"

Young states at paragraph

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52 of his declaration that Judge Breckenridge found that Scientology employs Fair Game against perceived "enemies." Paragraph 52 states:

"The use of Fair Game on Armstrong was confirmed in 1984 when California Superior Court Judge Paul Breckenridge, Jr. ruled against Scientology with an opinion that included a statement about the civil rights of members and Hubbard: "In addition to violating and abusing its own members civil rights, the organization over the years with its 'Fair Game' doctrine has harassed and abused those persons not in the Church whom it perceives as enemies. The organization clearly is schizophrenic and paranoid, and this bizarre combination seems to be a reflection of its founder LRH. The evidence portrays a man who has been virtually a pathological liar when it comes to his history, background, and achievements. The writings and documents in evidence additionally reflect his egoism, greed, avarice, lust for power, and vindictiveness and aggressiveness against persons perceived by him to be disloyal or hostile."

Evidence: CSI's Evidence, Exhibit 1, Declaration of Timothy Bowles; Exhibit 1(G), Declaration of Vaughn Young, pp. 26-27, ¶¶51-52.

Fact:

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In his declaration Miscavige takes the opportunity to attack Armstrong as a "liar," who falsely stated he was in "fear of his life" from Scientology's use of Fair Game.

Miscavige states that Young stated in his declaration that Armstrong had said he was in "fear of his life."

Evidence: CSI's Exhibit 1(J), Declaration of David Miscavige, pp. 31-32, ¶54.

Fact: Neither paragraph 51 nor 52 in Young's declaration address whether Armstrong was in "fear of his life" due to Fair Game.

Evidence: CSI's Evidence, Exhibit 1(G), Declaration of Vaughn Young, pp. 26-27, ¶¶51-52.

Fact: Miscavige's declaration does not "refute" paragraphs 51 and 52 of

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Young's declaration; it attributes the language "in fear of his life" to Young despite the fact Young never used it.

In fact, paragraph 54 of Miscavige's declaration is used to attack and defame Armstrong on matters unrelated to Young or the litigation in the Fishman case.

Miscavige's paragraph 54 states:

"For example, Mr. Young repeats the allegations made by Gerry Armstrong that the Church practices "Fair Game" and that Gerry Armstrong was in "fear of his life." To bolster the validity of this allegation, Vaughn Young refers to the Breckenridge decision. What Mr. Young fails to disclose, however, is the fact that following that opinion, Armstrong was proven a liar. In a police-sanctioned investigation, Gerry Armstrong was captured on video tape acknowledging his real motives, namely a plot to overthrow the Church leadership and gain control of the Church. On those very video tapes, Armstrong acknowledges he not only isn't "afraid," but that he "will bring the Church to its knees." While plotting his overthrow attempt he gives advice that the Church should be accused of various criminal

1 acts. When told no evidence
2 exists to support such
3 "charges," he responds, "just
4 allege it." It should be
5 noted that while Gerry
6 Armstrong had been an
7 "informant" during the IRS
8 criminal investigation, based
9 on these tapes and statements,
10 the IRS dropped him as a
11 witness, thereby repudiating
12 his credibility. Vaughn and
13 Stacy Young were fully aware
14 of these facts as Stacy wrote
15 the cover story in Freedom
16 Magazine that exposed
17 Armstrong's plot.

18 Evidence: CSI's Exhibit
19 1(J), Declaration of David
20 Miscavige, pp. 31-32, ¶54.

21 Fact: Miscavige is the
22 head of all of Scientology.

23 Evidence: Evidence,
24 Declaration of Gerald
25 Armstrong, Exh. 1(A),
26 Deposition of CSI Secretary
27 and employee, Lynn R. Farny
28 ("Farny), at 162:15 - 164:13.

Fact: Miscavige's
declaration was submitted in
support of a motion asking a
federal judge to review a
magistrate's order that
Miscavige submit to
deposition because he had been
avoiding service of a subpoena

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and in support of
Scientology's position that
all discovery orders had been
complied with.

Evidence: Evidence,
Exh.2, Declaration of Ford
Greene, Exh. 2(A), Non-
Parties' Notice of Compliance
Re Discovery dated February 8,
1994 and filed in the Fishman
case.

Fact: Miscavige and CSI
are both represented by New
York attorney Michael Lee
Hertzberg.

Evidence: Exh. 2(A),
Non-Parties' Notice of
Compliance Re Discovery; Exh
2(B), Notice of Non-Opposition
to Application for an Order
Admitting Michael Lee
Hertzberg as Counsel Pro Hac
Vice in CSI v. Armstrong, LASC
No. BC 052395 ("Armstrong II")

Fact: The videotape of
Armstrong referred to by
Miscavige in his declaration
involved Armstrong's

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conversations in Griffith Park in Los Angeles with Scientology agents David Kluge and Mike Rinder.

Evidence: Evidence, Exh. 1, Declaration of Gerald Armstrong at ¶ 6, Exh. 1(B), Declaration of Gerald Armstrong executed February 22, 1994 and filed in the Fishman case, and Exh. B thereto, Declaration of Gerald Armstrong executed February 20, 1994 (also entitled "Build a Better Basket").

Fact: When Armstrong spoke with David Kluge and Mike Rinder he maintained an expectation of privacy with respect to said conversations.

Evidence: Evidence, Exh. 1 at ¶ 7.

Fact: Armstrong never authorized any surveillance or eavesdropping of himself.

Evidence: Evidence, Exh. 1, ¶7.

Fact: The surveillance

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and eavesdropping of Armstrong which resulted in the videotapes referred to by Miscavige in his declaration were done without Armstrong's knowledge or consent.

Evidence: Evidence, Exh. 1, ¶7.

Fact: Said surveillance and eavesdropping were illegal.

Evidence: California Penal Code §632.

Fact: The purported authorization of said surveillance and eavesdropping by the Los Angeles Police Department was obtained by Scientology's private investigator Eugene M. Ingram.

Evidence: Evidence Exh. 1(A) Deposition of Farny at 540:1-11; Exh.1(C), letter dated November 7, 1984 from LAPD Officer Phillip Rodriguez to Eugene M. Ingram.

Fact: Said purported authorization was a fraud and

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was repudiated by the Chief of the Los Angeles Police Department.

Evidence: Evidence, Exh. 1(D), Public Announcement by Daryl F. Gates, Chief of Police, Los Angeles dated April 23, 1985; Exh. 1(A) Deposition of Farny at 541:6-542:8.

Fact: The Los Angeles District Attorney's Office found Armstrong to have committed no crime or improper conduct as alleged by Miscavige at paragraph 54 of his declaration.

Evidence: Evidence, Exh. 1(E), letter dated April 25, 1986 from Robert N. Jorgenson, Los Angeles Deputy District Attorney to Scientology; Exh. 1(A), Desposition of Farny at 544:15 - 547:7.

ISSUE NUMBER 2: CSI has not used the processes of the court for an ulterior purpose.

1 9. Undisputed Facts Undisputed.
2 Nos. 1-2 are incorporated
3 herein by reference.

4 Evidence: The evidence
5 supporting undisputed Facts 1
6 and 2 is incorporated herein
7 by reference.

8
9 10. Plaintiff's Undisputed.
10 complaint in this action
11 alleges that in 1990,
12 Armstrong fraudulently
13 conveyed his assets, including
14 large amounts of property and
15 cash, to Michael Walton, the
16 Gerald Armstrong Corporation,
17 and others.

18 Evidence: Request for
19 Judicial Notice, Exhibit C,
20 Complaint, pp. 2-3, 7-11, ¶¶
21 2, 26:39.

22
23 11. Armstrong has Disputed.
24 admitted that he "gave away"
25 large amounts of property and
26 cash as alleged in the
27 complaint.

28 Evidence: Evidence,

 Armstrong has never
admitted that he gave away
anything as alleged in the
complaint. Armstrong has
maintained from CSI's

1 Exhibit 2, Declaration of
2 Laurie J. Bartilson, Exhibit
3 2(A), Deposition of Gerald
4 Armstrong, July 22, 1992, pp.
5 267:16-269:17; Exhibit 2(B),
6 Deposition of Gerald
7 Armstrong, March 10, 1993,
8 545:4-23; Exhibit 2(C),
9 Deposition of Gerald
10 Armstrong, March 17, 1994, pp.
11 79:2-87:19.

initiation of this case that
he "gave away" whatever he
"gave away" not as alleged in
the complaint but as directed
by God and as is urged by
Jesus Christ in God's Word.

Evidence: Evidence, Exh.
1(F), Declaration of
Armstrong, at ¶ 15, p.15:6 -
15:8, ¶ 24, p.29:13 - 29:22, ¶
58, p.74:18 - 74:23; Exh.
1(G), Armstrong's prayer to
God and His answer; Exh. 1(H)
Armstrong's deposition in
Armstrong II, at 268:4 -
268:15; Exh. 1(I), Deposition
of Michael Walton ("Walton")
in Armstrong II, at 40:1 -
40:13; Exh. 1(J), Armstrong's
deposition herein, at 74:9 -
75:17, 77:18 -24, 78:17 -
79:9; Exh. 1(K), Walton's
deposition herein, at 29:3 -
30:10.

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26 12. The Church claims in
27 its Complaint that Armstrong
28 gave away his property so as

Undisputed.

1 to be "judgment proof" when he
2 began breaching a settlement
3 agreement which Armstrong made
4 with the Church in 1986.

5 Evidence: Request for
6 Judicial Notice, Exhibit C,
7 Complaint, ¶¶ 12, 29, 30.

8
9 13. Armstrong received Undisputed.
10 approximately \$800,000 from
11 the Church in 1986 in
12 settlement of his claims.

13 Evidence: Evidence,
14 Exhibit 2, Declaration of
15 Laurie J. Bartilson; Exhibit
16 2(D), Declaration of Graham
17 Berry; and Exhibit D thereto,
18 p. 3.

19
20 14. In this action, the Undisputed.
21 Church has propounded two sets
22 of requests for the production
23 of documents to Armstrong. In
24 those combined sets, only
25 seven requests sought personal
26 financial record information.

27 Evidence: Evidence,
28 Exhibit 2, Declaration of

1 Laurie J. Bartilson; Exhibit
2 2(E), Request for Production,
3 Set No. 1, Aug. 9, 1993, p.3;
4 Exhibit 2(F), Request for
5 Production, Set No. 2, Sept.
6 16, 1993, pp. 6-7.

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8 15. Armstrong objected Undisputed.
9 to all of the Church's
10 requests for production of
11 documents, including those for
12 financial records, requiring
13 the Church to make a motion to
14 compel production.

15 Evidence: Evidence,
16 Exhibit 2, Declaration of
17 Laurie J. Bartilson; Exhibit
18 2(G), Gerald Armstrong's
19 Responses to Plaintiff's First
20 Request for Production of
21 Documents, pp. 1-2; Exhibit
22 2(H), Gerald Armstrong's
23 Responses to Plaintiff's
24 Second Request for Production
25 of Documents, pp. 4-6.
26 Exhibit 2(I), Notice of Motion
27 and Motion to Compel
28 Production of Documents from

1 Defendant Gerald Armstrong;
2 Exhibit 2(J), Memorandum of
3 Points and Authorities in
4 Support of Motion to Compel
5 Production of Documents from
6 Defendant Gerald Armstrong.

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8 16. The Church's motion Undisputed.
9 to compel was denied in part
10 and granted in part by the
11 referee Mr. Benz, who found
12 that the relevancy of most of
13 the requested records
14 outweighed Armstrong's privacy
15 claims. The Report was
16 adopted by the Court.

17 Evidence: Evidence,
18 Exhibit 2, Declaration of
19 Laurie J. Bartilson; Exhibit
20 2(K), Report and
21 Recommendation of the Referee
22 of Feb. 10, 1994, pp. 2, 4.

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24 17. The documents
25 provided by Armstrong to the
26 Church pursuant to these
27 requests have been used by the
28 Church and its counsel to

Disputed.

Pursuant to a protective
order by the Referee, the
provision of financial records
by Armstrong and The Gerald

1 prepare for trial in this
2 action, and have been used for
3 no other purpose.

4 Evidence: Evidence,
5 Exhibit 3, Declaration of Lynn
6 R. Farny in support of Church
7 of Scientology International's
8 Motion for Summary Judgment;
9 Exhibit 4, Declaration of
10 Laurie J. Bartilson in support
11 of Church of Scientology
12 International's Motion for
13 Summary Judgment.

Armstrong Corporation to CSI
"was to be limited to the
attorneys in this litigation
and the use of said documents
would be restricted to this
litigation." Said documents
were not to be shown or given
to CSI or its members.

Farny stated in his
declaration executed July 22,
1994 and filed in support of
CSI's motion for summary
judgment:

"I have reviewed the
documents that were produced
by defendants Gerald Armstrong
and Michael Walton. Those
documents were shown to me by
the Church's attorneys when
they were produced by
defendants.

I did not give the
documents, or the copies of
the documents, to anyone else,
nor have I authorized their
use or distribution for any
purpose other than the
preparation of this case for
trial. The documents have not
been used by me or by any of
the Church staff, agents,
employees or representatives
for any other purpose."

Farny has not identified
any of the other "Church
staff, agents, employees or
representatives" who were

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provided Armstrong's documents in violation of the protective order.

Evidence: CSI's Evidence, Exhibit 3, Declaration of Lynn R. Farny in support of Church of Scientology International's Motion for Summary Judgment; Armstrong's Evidence, Exh. 1(L), Confirmation of Protective Order Re: Distribution of Documents Produced by Gerald Armstrong and The Gerald Armstrong Corporation to CSI After In Camera Review, signed by Referee William R. Benz.

**CROSS-COMPLAINANT ARMSTRONG'S
ADDITIONAL MATERIAL FACTS AND
SUPPORTING EVIDENCE**

18. On March 21, 1994 Armstrong propounded his First Inspection Demand to CSI which requested the production of inter alia "All documents of

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any kind given to any member of the media or any media company or organization at any time by CSI or any of the entities or individuals listed or referred to in paragraph 1 of the "Mutual Release of All Claims and Settlement Agreement" of December, 1986, a copy of which is attached to the Complaint in this action as Exhibit A, which mention, concern or relate in any way to Gerald Armstrong."

Evidence: Evidence, Exh. 1(M), Cross-Complainant and Defendant Gerald Armstrong's First Inspection Demand to Plaintiff and Cross-Defendant Church of Scientology International, p. 5, ¶10.

19. Pursuant to Demand No. 10 of Armstrong's First Inspection Demand, on May 9, 1994 CSI produced a document entitled "Who Is Gerald Armstrong?" along with a set

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of other documentary materials corresponding to the notations SECTION 1 - 9 in said document. The document "Who is Gerald Armstrong stated, inter alia:

"In 1990, Armstrong began to undertake actions which directly violated the agreement he had made. This placed him at risk that the Church would move to collect the damages that Armstrong's breaches entitled it to. To make it impossible for the Church to collect any damages, he fraudulently conveyed all his property including real property, personal property and cash to his friends and to a corporation he set up for that purpose, which he called, "The Gerald Armstrong Corporation."

One of the recipients of Armstrong's assets was an attorney named Michael Walton. Prior to signing the settlement agreement with the Church, Walton had advised Armstrong about the terms and conditions of the agreement. Walton also knew of Armstrong's intention to breach the agreement and was fully aware of the fraudulent nature of the conveyance."

Evidence: Evidence, Exh. 1(N) document "Who Is Gerald Armstrong."

20. Farny authenticated the document "Who is Gerald

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Armstrong" and testified that various staff of CSI, including himself, prepared it.

Evidence: Evidence, Exh. 1(A), Deposition of Farny at 36:9-19.

21. Farny testified that the document "Who is Gerald Armstrong" along with the other documentary materials corresponding to the notations SECTION 1 - 9 in said document formed what in Scientology is known as a "Dead Agent Pack."

Evidence: Evidence, Exh. 1(A) Deposition of Farny at 42:15:20.

22. Farny testified that the source of the allegation in the "Dead Agent" document "Who is Gerald Armstrong?" that Michael Walton was "fully aware of the fraudulent nature of the conveyance" was "discovery exchanged back and

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forth in this case,"
"deposition testimony by
[Armstrong]," and "documents
produced in this case,
correspondence between [Walton
and Armstrong]."

Evidence: Evidence, Exh.
1(A), Deposition of Farny at
46:17-22, 585:1-18.

23. Farny testified that
the "Dead Agent" document "Who
is Gerald Armstrong?" was
compiled "to respond to Gerald
Armstrong's many media
appearances," and were
distributed to Entertainment
Television, CNN, the San
Francisco Chronicle, the San
Francisco Examiner, the Marin
Independent Journal.

Evidence: Evidence, Exh.
1(A), Deposition of Farny at
39:1-3, 567:21 - 569:1.

24. In two policies for
Scientology written by L. Ron
Hubbard ("Hubbard"), "Black

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Propaganda" is defined as follows:

"The world is full of madmen.

The basic characteristic of extreme madness is perpetual attack, attacks on anything, attacks on persons or things which contain no menace.

Extreme, not petty, crime is at the root of such an impulse.

The attacker has an evil purpose in life. He is a thing of death, not life. And his harvest is a death harvest.

Such a person feels he cannot be safe unless everything else is dead.

His evil purpose takes many forms and expressions. The end product is the same-death. ... Where an attacker lacks the physical means of destroying others and where his own purpose would fail if disclosed, the attacks become covert.

He uses word of mouth, press media, any communication channel to spit his venom. He hides himself as the source, he makes the verbal attack seem logical or real or proven.

He counts on the utterances being picked up or distorted and passed on by the more base people in the society.

This is Black Propaganda. It is intended to reduce a real or imagined enemy, hurt his income and deny him friends and support....

Black Propaganda is essentially a fabric of lies."

"The technique is: A hidden source injects lies and derogatory data into public view."

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Evidence: Evidence, Exh. 1(A), Deposition of Farny at 448:10-24; Exh. 1(O), Hubbard Communications Policy Letter "How to Handle Black Propaganda - Rumors and Whispering Campaigns," Exh. 1(P), Hubbard Communications Policy Letter "Black PR."

25. The purpose of "Dead Agent" documents is to counter "Black Propaganda."

Hubbard defined a "dead agent caper" as follows:

"The "dead agent caper" was used to disprove the lies. This consisted of counter-documenting any area where the lies were circulated. The lie "they were _____" is countered by a document showing "they were not." This causes the source of the lie and any other statements from that source to be discarded."

Evidence: Evidence, Exh. 1(A), Farny Deposition at 42:23 - 43:4; Exh. 1(P), Hubbard Communications Policy Letter "Black PR."

26. The allegations in

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Evidence: Evidence, Exh. 1(A), Deposition of Farny at 448:10-24; Exh. 1(O), Hubbard Communications Policy Letter "How to Handle Black Propaganda - Rumors and Whispering Campaigns," Exh. 1(P), Hubbard Communications Policy Letter "Black PR."

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the CSI's "Dead Agent" document "Who is Gerald Armstrong?" quoted in Armstrong's Additional Material Fact 18 supra is not in response to any "lies" circulated by Armstrong.

Evidence: Evidence, Exh. 1, ¶8.

27. The allegations in the CSI's "Dead Agent" document "Who is Gerald Armstrong?" quoted in Armstrong's Additional Material Fact 18 supra are false.

Evidence: Evidence, Exh. 1, ¶8.

28. Farny testified that he did not remember who directed that CSI's "Dead Agent" document "Who is Gerald Armstrong?" be produced.

Evidence: Evidence, Exh. 1(A), Deposition of Farny at 36:20 - 37:2.

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29. The allegations in the CSI's "Dead Agent" document "Who is Gerald Armstrong?" quoted in Armstrong's Additional Material Fact 18 supra are part of Scientology's Black Propaganda campaign of lies from covert sources it wages against Armstrong to destroy his reputation wherever it can induce someone to read its calumnies.

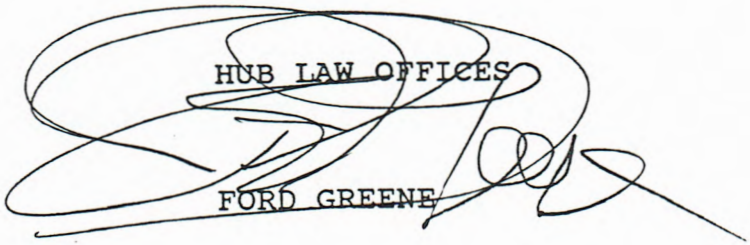
Evidence: Evidence, Exh. 1, ¶8.

30. Scientology's use of litigation as a means to develop and spread Black Propaganda about Armstrong in an effort to Dead Agent him constitutes an abuse of process intended to obtain a collateral advantage over him by assassinating his character in the marketplace of ideas.

Evidence: Evidence, Exh. 1 at ¶8.

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August 26, 1994

HUB LAW OFFICES

FORD GREENE